

Book Review

Parvez Hasan, *Pakistan's Economy at the Crossroads: Past Policies and Present Imperatives*; Oxford University Press, Karachi, 1998, pps. 376, price not mentioned.

This is a highly readable book on the Pakistan economy. The bulk of the book spans the entire gamut of Pakistan's economic phases, setting out with the initial years (1947 - 1958), followed sequentially by the Ayub Khan, Bhutto and Zia eras, then leading up to the Benazir and Nawaz Shariff periods. It concludes on prognostications for the future, which is really in my opinion, the most valuable part of the entire book.

In essence, the author highlights the fairly long years of 'impressive growth' with the vulnerability of present circumstances. The emphasis is throughout on economic policy issues, with useful explanations sprinkled here and there on the whys and wherefores of successes and failures. The author both lauds and castigates Pakistan's growth record, amply substantiating his argument in either case. What is sorely lacking in the country's growth scenario is sustainability and equitable distribution of benefits. He probes the question as to why this remarkable growth has been so skewed. In discussing the country's abysmal savings rate, he says in categorical terms that it was not owing to capital flight as is commonly assumed, rather negative real returns on bank deposits, inadequate development of capital markets amongst other factors are the real reasons for this relatively massive capital flight. What has added salt to the wound is the political indifference of those at the helm of affairs in this regard, according to the author.

There is no aspect of the economy which the author misses out on. Providing in depth accounts of defence spending, budget deficits, taxation effort, foreign trade developments, agriculture and large scale manufacturing from a historical and analytical perspective to boot, the author is extremely thorough and meticulous in his analysis. He attributes the persistence of widespread poverty to mediocre economic policies, and had these been of a higher standard and of better quality, the author feels that not only would growth have been higher, but more equitable.

The author warns of the hazards for the future of the economy resulting from the poor quality of education at all levels. Ringing the tocsins of alarm, he states future growth is now under threat and the past pattern of development will simply not suffice.

The author is clearly, and quite justifiably, an advocate of Indo-Pakistan détente, for no other reason than more can then be devoted by the powers-that-be to development rather than defence. Yet another pearl of wisdom he gives is, to quote:

'Unfortunately, for Pakistan the emotive appeal of non-economic factors has at critical junctures often outweighed the cold economic calculus'. This in reference specifically to the non-devaluation decision of September 1949.

What is heartening is that in discussing controversial periods such as the Bhutto or Zia years, the author refrains from rhetoric as impossible as it may seem, though of course there is no such thing I firmly believe as pure objectivity, but merely *quasi* objectivity. There appears to be very little bias and the criticisms are on the whole fair and balanced. But, then again, perhaps that is because of the subject matter of the book-minus the frills of a political standpoint. Perhaps for that matter the book could have done with a little colour, since one score on which it can be criticised is that it is somewhat arid and sterile. It needs an infusion of debatable points to make it a little less tedious, One presumes, however that if you happen to be from the economics profession, it could grab your attention throughout.

All told, it is a happy blend of the historical and analytical. The contents are both insightful and perceptive. Having diagnosed the economy threadbare to date, the author proceeds to offer several viable alternatives at the conclusion of the book.

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